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NATIONAL REVIEW

Bulletin

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EDITOR: William F. Buckley Jr. PUBLISHER: William A. Rusher
EDITORS: L. Brent Bozell, James Burnham, Willmoore Kendall, Frank S. Meyer
MANAGING EDITOR: Priscilla L. Buckley

A **new doctrine** has suddenly developed to meet the new needs of new times. When the Liberals are responsible for a fiasco, there must be no criticism. This doctrine was first adumbrated by James Reston in the *New York Times* of April 28. "The saddest men in Washington these days," he began, "are the intellectuals on the White House staff who helped deal with the Cuban issue: McGeorge Bundy, former dean of the faculty at Harvard; Walt Whitman Rostow of Massachusetts Institute of Technology and Arthur Schlesinger Jr., the Harvard historian."

Reston admitted that "Bundy and Rostow in particular were influential in the planning stage, and are now even more controversial than when they first arrived." Their decision, he conceded, was reached without real staff work, study, or perspective. So "the intellectuals who arrived here as critics are now the objects of criticism themselves." It is the very existence of this counter-criticism, no matter how justified, that worries Mr. Reston: "A moratorium on sniping at the professors might not be a bad idea, for if this brilliant young crowd fails, we might have to tolerate not only defeat but a spasm of anti-intellectualism as well."

(Just how lack of knowledge, judgment and sense on Cuba squares with brilliance, and just why criticism of lack of knowledge, judgment and sense is "anti-intellectualism," are mysteries that we hope the New Frontier dialecticians will explain more fully in the next hundred days.)

But it remained for Mr. Eisenhower to carry this strange doctrine even further. Asked at a news conference whether the public was entitled to a post-mortem on Cuba, he replied: "Don't go back and rake over the ashes." The worst possible development now, he added, would be to "start witch-hunting."

Nobody, of course, should criticize the wrong people for the wrong things. But what Mr. Eisenhower seemed to be saying is that we should make no public effort to analyze this humiliating and catastrophic blunder, to learn any lessons from it, or to fix responsibility for it: we should continue to put our trust and national destiny in the hands of those who bungled.

Fortunately, there are Democrats who do not accept this doctrine. Senator Fulbright, chairman of the Foreign Relations Committee, was openly critical of the role of the Central Intelligence Agency in the Cuban invasion. And the correct doctrine was forcefully stated at the publishers' convention by President Kennedy himself:

"Without debate, without criticism, no Administration can succeed—and no republic can survive."

The WEEK

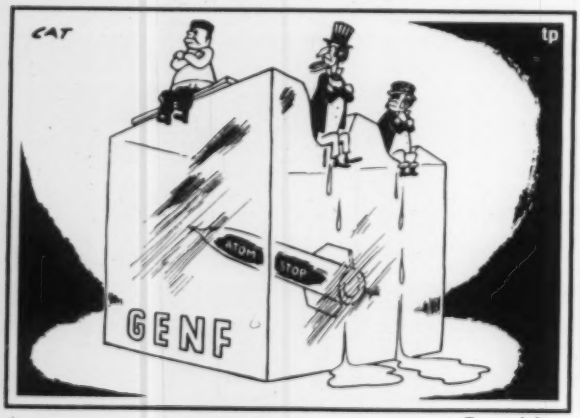
● A hundred days of Kennedy. Two dozen messages to Congress in the form of proclamations. A dozen pieces of legislation in the works. Half-a-dozen bills passed, thanks to Lyndon Johnson and Sam Rayburn. Disaster in Cuba. Dry rot in Laos. Soapy Williams in Africa (but hastily leashed and muzzled). First steps toward press censorship, socialized medicine, federal control of Urban Affairs, artificial interest rates, abysmal deficits. In the office he purchased with so much struggle, the cocky candidate turning slowly into a chastened official amidst the crisis and chaos of a world he cannot control.

● Cabinet members and their lieutenants are urged to refer more often "to the President and his personal interest in, and compassion with, the problems which face the nation." One of those problems, Stewart Udall, has been caught flat-footed trying to use his position (Secretary of the Interior) to raise money for the Democratic Party from an industry (oil and gas) under his jurisdiction. Udall says he's "flabbergasted." The President, as his Cabinet will soon start to inform us, is compassionate.

● Britain's spy-of-the-month is George Blake, who says that for ten years he's never got his hands on an important document without whisking it off to Russia. Last month Britain uncovered five others: Gordon Lonsdale, Maurice Cohen, Lorna Cohen, Henry Houghton and Ethel Gee. In the good old days it was Klaus Fuchs, Bruno Pontecorvo, and the Burgess & Maclean hotbed. We compatriots of Abel, Greenglass, Gold, Sobel, Rosenberg & Rosenberg, White, Coplon and Alger Hiss cannot, of course, be the

first to throw stones. Nevertheless, on a statistical basis it appears that the British security system allows a considerable margin of espionage *per capita* over ours; and the fish they catch seem to have swarmed up to the headwaters of government policy and scientific effort. British espionage, like British manufacturers, may be a sympton of the island's traditional devotion to quality rather than quantity. They produce the Rolls-Royces of sabotage; we, the compact models. It's a matter of taste.

● What the Soviet Union was not able to do in the Congo overtly, it may have managed through the treacherous imprisonment of Katanga President Tshombe. Tshombe's colleagues, in an effort to secure his release, have notified both the Congolese Central Government of President Kasavubu and United Nations Secretary General Hammarskjold that Katanga is ready to take part in still another conference to set up a federated Congo and that it will also negotiate with the United Nations for the reorganization of its army (*i.e.*, the expulsion of European and South African officers and soldiers) and the dismissal of foreign technicians (the Belgians who accepted Tshombe's invitation to stay on and run Katanga's industries and government). This of course is what the Soviet Union has wanted all along since Katanga—with its wealth, its strength and its semblance of order—stood as the only pro-Western buttress against the forces of violence and dissolution which the Communists hope to use as steppingstones to power in West Central Africa.



Tarentel Press

Progress in Geneva

● Week after anti-Castro landing repulsed, State Department says Cuba is Communistic. Saying so beforehand would have increased world tensions.

● Under a 1918 law, the government is not allowed to issue long-term bonds bearing a higher interest rate than 4¼%. The Eisenhower Administration pleaded in vain with a Democratic Congress to repeal this forty-two-year-old prohibition on the ground that it tied the hands of the Treasury authorities, prevented them from using their judgment as to the proper balance of long-and-short-term securities, forced them to flood the market with inflationary short-term securities, and actually tended to increase interest costs to the Treasury. Congress refused to act. Well, the Kennedy Administration announces that the problem has all been solved—or, rather, that there never was any problem. Sure, any new bonds issued will not carry a face coupon rate of more than 4¼% but, if necessary, they will be issued at a discount, at less than par, so that the real return to the investor will be higher. If it is as simple as all that, why didn't the Eisenhower Administration think of it? The answer is that it did, but didn't dare to try. It seems that what is a legal prohibition for Republicans is not necessarily a legal prohibition for Democrats. We foresee the extension of this great principle. If Congress can't be induced to change a law, the Kennedy Cabinet will simply change its interpretation.

● Now it's law: the $394,000,000 bill that puts the federal government into the business of rebuilding old industrial plants, building new ones, luring the tourist, modernizing water systems, training the unemployed in new skills, paying them while training them. Called the depressed-areas bill, it is in fact a backdoor porkbarrel, and like all porkbarrel bills it avoids the real issues. When the country as a whole has excess industrial capacity, why should the government build more? Sufficient to note that this stupid, uneconomic, and dishonest bill, which slid through Congress on tracks greased by a $100,000,000 hushmouth payment for Southern *rural* areas, was signed (with eighteen different souvenir pens) by the same President who has called, in the tones of Chrysostom, for heightened morality in government. Wonder what's the compensation payment for an unemployed conscience?

● The *New York Times*, having run out of things to say about the John Birch Society, has turned its attention to other anti-Communist organizations, among them Dr. Fred C. Schwarz's Christian Anti-Communist Crusade, which recently completed a successful school in St. Louis. The *Times* reporter there found "many St. Louisans [no names given] puzzled and vaguely troubled" by Dr. Schwarz's presentation, although the program had the backing of the publisher of the St. Louis *Globe-Democrat*, leading manufacturers, merchants and bankers, the Mayor and Chief of Police of the city, the two U.S. Senators and the Governor of Missouri. There were other aspects bothering the *Times* reporter, *i.e.*, "the large proportion of younger people" in attendance. Unable to provide damaging quotations from speakers—who included Dr. Schwarz, Herbert Philbrick and Robert Morris—the reporter turned instead to implications: "It seemed apparent, however, that most of the speakers were suspicious of the patriotism of some members of the Kennedy Administration and the United States Supreme Court, of large segments of the Protestant clergy, of the United Nations and of professors and the intellectual community in general." We anxiously await the *Times* exposé of another right-wing operation, of which it has yet to say a word: the pickets in front of the Times

Building, carrying signs which read "All the News that Fits the Tint" and (with a picture of Castro) "I Got My Job Through the *New York Times*."

● The name of Archie Brown, one of the principal performers in *Operation Abolition*, appears in an old newspaper clipping unearthed by *Counterattack*, the anti-Communist newsletter. The clipping is from *The Volunteer for Liberty* ("an organ of the international brigades") dated September 17, 1938. It tells of the adventures of a group from the International Longshoremen and Warehousemen's Union who, following a series of strikes in San Francisco which "forced the shipowners to their knees," went to Spain with the Abraham Lincoln Brigade to take part in the "world-wide fight for decent living conditions and human justice." The piece is signed by "Archie Brown, Political Commissar, Co. I, Battalion 58." *Nota bene*, all who deny the anti-HUAC riots in San Francisco were Communist-led.

Laos, RIP

The United States has been giving $300 million a year to Laos in military and economic aid. The United States now appears ready to resign this strategic area of Southeast Asia to Communist domination—after less than a year of open guerrilla assaults by the Pathet Lao, a band of 8,000 troops.

In Laos last autumn there were three elements: the pro-Western military faction under General Phoumi Nosavan; the so-called "neutral" premier, Prince Souvanna Phouma; and the Communist-led Pathet Lao. Last autumn we officially ignored the neutralist puppet, Souvanna; last autumn pro-Western General Phoumi Nosavan refused to negotiate with him; last autumn our strategic guard was weakened by a national election and a change of administration; last autumn the Pathet Lao hid in a few pockets of territory here and there.

A month ago President Kennedy and the SEATO sounded firm in their resolve to defend the independence of Laos (it's one of the commitments of SEATO). But Britain and Russia were beginning to discuss the possibility of a cease-fire and negotiations. By then the Pathet Lao controlled one-third of the country.

A week ago we still thought it was too late to take the case before the UN, and that to bypass the SEATO would kill it. We still thought Souvanna Phouma could not be relied upon to be neutral. We insisted on a full cease-fire before permitting a parley. And the Pathet Lao, pushing its troops while it talked of parleys, gained more ground.

Now the Pathet Lao controls *two-thirds* of Laos. Any political settlement will have to recognize the Communist group, in a big way. We are now reported to believe that Souvanna Phouma is our "best bet," for he is the only chief the Soviets recognize. General Nosavan is said to be ready to negotiate. We're thinking of going to the

PEOPLE: Latest absurdity on John Birch front: Statement by *N. Y. Post's* **Joseph Barry** that he believes "the current story [whose?] that Maj. Gen. **Walker,** lately of U.S. forces in Germany [?], a member of the John Birch Society [?] encouraged [Gen.] **Challe** in his coup against the French Republic." . . . Senate Armed Services Committee getting scores of angry letters asking why Gen. Walker was suspended before charges against him were investigated. . . . Rising to Walker's defense, a former political foe, Rep. **Dale Alford** (D., Ark.). Alford, who was critical of Walker's position as commander of the Little Rock paratroops, calls his suspension "shameful."

Scott McLeod, very much the Liberal whipping boy when he served as Security Chief in the State Department in the busy early 1950s, has been appointed Minority Counsel of Senate Committee on Appropriations. McLeod, President **Eisenhower's** Ambassador to Ireland, was extremely popular in Dublin; by all counts did a fine job. . . . Sen. **Goldwater** has endorsed economy stand of **Vito P. Battista,** Republican primary candidate in the N.Y. City mayoralty race. . . . Mentioned more and more frequently in "dope" stories on who will be the GOP candidate, **John Hay Whitney,** ex-Ambassador to Court of St. James's, publisher of *N.Y. Herald Tribune*, buddy of **Nelson Rockefeller. . . . Elliott Roosevelt** has moved into Minnesota congressional district of Rep. **Walter Judd,** may run against Judd in '62. . . . Elliott's brother, **James,** who never gives up, now predicts House Committee on Un-American Activities will be no more within five years.

A vicious attack on **Charles de Gaulle** by **Jean Jacques Servan-Schreiber,** editor of the leftist *l'Express*, caused resignation from the paper of **François Mauriac,** who has written column for *Express* for past seven years. Servan-Schreiber had written: "De Gaulle will give Algeria independence. Then he will liberate France—the day that he quits." . . . The Spanish pilot who flew Gen. **Raoul Salan** to Algeria, against **Franco's** orders, has been jailed. . . . **C. Wright Mills,** according to Communist-dominated *National Guardian*, wired San Francisco Fair Play for Cuba Committee at time of abortive Cuban invasion: "Were I physically able to do so, I would at this moment be fighting alongside **Fidel Castro.**" . . . Latin Americans dubbing new U.S. aid program for L.A., "The Castro Plan."

Quote of last week, Soviet cosmonaut **Yuri Gagarin's** reply when asked if he had felt lonely in the space flight: "I was certain that the Party and Government were ready to help me if I should find myself in a difficult position."

UN after all—and so killing SEATO. The UN may send observers. A cease-fire, so far imperfectly observed, obtains. SEATO wants action, to prevent a military takeover, which has already occurred; France opposes. Others fear that military action would call down the North Vietnamese and Red Chinese armies. The chance of setting up another pro-Western government in Laos appears to be exactly zero. So far we have come since last autumn.

Meanwhile, Communist infiltration and terror-tactics are picking up steam next door in South Vietnam and Thailand and Burma. We may expect the Communist infiltration to accelerate; a Communist-front "rebel" movement to take up arms in the jungles and mountains; a Communist-supported "neutral" government to announce itself willing to negotiate; the British to approach the Soviets regarding an accommodation; and American statesmen to explain that the terrain and the conditions are not suitable to our sending in troops. One is always afraid of the Red Chinese.

Indeed, the only favorable terrain and conditions for an exercise of American military power are Kansas and Oklahoma in the spring and fall, when the weather is cool. Any other circumstances involve difficulty, awkwardness, pain, sacrifice, confusion, and—just possibly—the attainment of a goal that we have sought in words and lost in deeds for these many years: the world's respect, and the active allegiance of our allies.

The New Protectionism

Every "solution" proposed by President Kennedy for any economic problem is a proposal for still more government intervention and control—and, of course, for still more government spending. The American textile industry is having difficulties. Part of these are caused by an excessive union wage scale in the face of the much lower wage scales of foreign textile-exporting countries. A larger part, probably, are a result of an insane government policy which forces American manufacturers to pay six cents a pound, or $30 a bale, more for American cotton than foreign buyers pay. The latter benefit from our export subsidy.

Instead of suggesting that the crop-support legislation be revised or repealed, Mr. Kennedy recommends federal assistance to industries hurt or threatened by imports, an international agreement setting up export quotas, and in any case import quotas on cotton textiles.

Whatever the objections to higher tariffs, they are infinitely preferable to a quota system. A quota system involves discrimination among the nations from which we import, complicating and poisoning our relations with all but the most favored. It involves discriminatory allotment of individual quotas to American importers. It violates the principle of freedom of competition among sellers, and freedom of choice among buyers, on the basis of quality and cost. A uniform tariff, even if high, is compatible with a relatively free economy; a quota system

• At Home •

Washington

For the past weeks — or ever since the disaster in Cuba —the Central Intelligence Agency has propagandized the press to "prove" that the invasion failure was all the fault of the exile leaders. The CIA argument has covered two points, both demonstrably false: 1) There was no uprising in Cuba because the Revolutionary Council was "too right-wing," and 2) Castro's Communists were tipped off in advance by the loose talk of the exile leaders. Both the *New York Times* and the *Washington Post* have already bought this line and are spreading it from their editorial pages. The rest of the press can be expected to follow suit.

The facts: 1) CIA imposed the leadership of Manolo Ray and José Miró Cardona, both ex-Fidelistas of extreme leftist views, by threatening to cut off all financial aid to the more moderate Cuban exiles, and 2) the Revolutionary Council was not informed of the landing site until the invasion forces were going ashore. Castro, however, knew where the landing was to take place and had his troops deployed and waiting. Had the exile leaders been told where CIA planned to land the invaders, moreover, they would have fought tooth and nail against it. As one exile leader said to me, "No one who knew the terrain would have chosen the Bahia de Cochinos for a landing. Obviously a CIA 'expert' looked at a map and made the decision. Even the Pentagon was shut out."

Administration censorship and Allen Dulles' missionary work among newspapermen willing to accept "consultants fees" might have kept the Cuban story buried and allowed CIA to pin the blame on the exile group. That it has leaked out is due to the tearful indignation of the Cubans themselves. The Pentagon, too, has added some pertinent facts of its own—the most significant being that it urged President Kennedy to give the invasion forces air and naval cover when the first bad news came in. Mr. Kennedy, however, preferred to listen to Secretary of State Dean Rusk and Ambassador Adlai Stevenson.

Much has been said about the effect on American prestige of the tragedy in Cuba. Domestically, however, the impact has been equally devastating—from the President's standpoint. The image, so carefully created during the election campaign, of courage, decisiveness, and knowledgeability has been badly damaged, if not shattered. Even the most devoutly pro-Kennedy members of the Washington press corps now speak of the President's inexperience, of his belief that words are a substitute for deeds, and of his fumbling inability to come to grips with problems. There are even some sniggers over boasts by the White House staff that Mr. Kennedy had done away with the cumbersome National Security Council and was

handling matters himself. The moment he got into bad trouble, he summoned the NSC and almost in panic called for its advice and assistance. That he also turned to the Republicans—conferring with General Eisenhower, Richard Nixon, Herbert Hoover, and General MacArthur—is interpreted as a sign of weakness, not as an effort to forge a new national unity.

What Mr. Kennedy has discovered during his first One Hundred Days is that being President and facing up to the Communists is far more difficult than subjugating the Democratic Party or impressing the American people. He is also learning that a press release is no substitute for a foreign policy. But his response has been characteristic. Attorney General Robert F. Kennedy and Presidential aide Theodore Sorenson have been sprung from their duties to "study" U.S. foreign policy and to come up with some answers to extricate the President from the Cuban mess and the worsening situation in Laos. Whatever Bobby Kennedy's other faults, he may be a good choice for this job. He is cold, ruthless, and determined. And he realizes that his own political future is inextricably tied to his brother's.

Bobby's first task will be to look into the Central Intelligence Agency. The CIA has spent billions of dollars to carry out policies of its own—often at variance with those of the Executive or Congress. It gave aid to those who overthrew the government of Syngman Rhee, meddled in the internal affairs of friendly nations, and is still covertly working to bring about the admission of Red China into the United Nations. Though some of its activities are secret even to Director Allen Dulles, CIA has been a security sieve and its cloak-and-dagger operatives in the world's capitals are known to friend and foe alike. A thorough housecleaning is necessary before it will cease to be the laughing stock of the professional Intelligence services and the press.

The Administration is aware of these facts and is trying quietly to ease Mr. Dulles out. At the same time, the White House has floated a trial balloon—the rumor that he will be succeeded by Bobby Kennedy. This will cause no tears at the Justice Department. But the political repercussions of such an appointment may be disastrous for the Kennedy Administration. Espionage, counter-espionage, and the evaluation of Intelligence information is a delicate job requiring experience and judgment. Bobby Kennedy has been too deeply engaged in politics for the assignment—and he is too young. One bobble as head of CIA, and all the jokes now current about nepotism in the Administration will lose all their humor. Add to this the increasing belief that he has a Svengali-like influence on the President—and an explosive situation can develop.

QUINCY

is not. A quota system is totalitarian in spirit and tendency. It is arbitrary. It breeds favoritism, discrimination and corruption.

True, the Eisenhower Administration set a precedent for import quotas in the oil industry; but bold New Frontier thinking might have been expected to question rather than to multiply it.

BRIEFS: Rough riding on the New Frontier: Edward R. Murrow, say his intimates, furious that he was not kept abreast of developments on Cuban invasion. . . . White House mad at free-wheeling attack by Sen. Proxmire (D., Wisc.) against fact oil depletion allowance, which Proxmire considers too high, not included in President's tax revision suggestions. . . . On other hand, JFK, in repetition New-Deal, Fair-Deal pattern, getting support from a number of Southern congressmen on his welfare legislative program, chief among them South Carolina's Sen. Olin Johnson, Georgia's Rep. Carl Vinson. . . . **Fund for the Republic is out raising money. Its present store will last only three to four years longer. The Fund plans to team up with *Encyclopedia Britannica* to "plan future revisions." (Historians, take note!)**

Senate Foreign Relations Committee has approved JFK's request that he be given power to extend financial and economic aid to Iron Curtain countries "to help them loosen Moscow's control." . . . Defense Dept. has ordered cessation of regular showings of *Operation Abolition* as part of information and education program. (Order BUPERINST 1560.17, March 1961). . . . TVA has awarded two-thirds of its coal contracts to Western Kentucky Coal Company, which bid against 40 others. Owner: United Mine Workers. Boss: Cyrus Eaton.

***Die Landstem*, an independent South African paper, claims Prime Minister Verwoerd plans to divide South Africa, give seven Bantu states political freedom, their own parliament and constitution.** . . . U.S. reporter just back from extensive tour of Africa reports Czech arms there "as common as Coca-Cola." . . . British strategists worried over implication of Singapore assembly by-election last week. The winning candidate, Ong Eng Guan, had campaigned for immediate cutting of final ties with England, which could mean loss of vital bases.

Justice Will Out Dept.: Last week's NLRB ruling that a company which reduces the salaries of employees to correct a clerical error resulting in their being overpaid is *not* guilty of refusal to bargain.

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• Trends •

Mr. Kennedy's unconcealed disenchantment under the merciless hazing of Khrushchev reflects one of history's swiftest transitions. Fewer than 100 days before Castro *cum* Khrushchev won a cheap triumph over the President's wards, the invading Cuban exiles, the new, confident and proud Chief Executive offered Soviet Russia in his Inaugural address a conciliatory approach toward arms control, a Cold War truce and a partnership in "invoking the wonders of science instead of its terrors" for a new world order of peace, prosperity and law. Three months later, before the Newspaper Publishers convention in New York, Mr. Kennedy was execrating Bolshevism as "a monolithic and ruthless conspiracy that relies primarily on covert means for expanding its sphere of influence. . . ." Sounding a note of doom, he suggested elsewhere that our civilization might perish under the infiltrators, the subversives and the guerrillas of this conspiracy without a shot being fired by the great powers.

While a beflowered Maytime Washington watches suspensefully, the President's frustration over Laos, his disenchantment with the Cuban fiasco spread to the CIA and other advisers who had planned and conducted the venture. His journalisitc intimates reported his "anger" and "disgust" with all such. He deputized his brother Robert, the Attorney General, and another campaigning comrade, Ted Sorensen, to salvage the Presidential prestige.

His closetings with the elders, with Mr. Eisenhower, Herbert Hoover and General Douglas MacArthur hinted his disenchantment also with the White House dons from Cambridge (Mass.) who had shared with him the brightly ingenuous mood of January 20. It was with them that he threshed the old straw of coexistence, reviewing the discredited thesis that Soviet Russia's needs and interests being sufficiently analagous to ours, its masters would purchase peace on reasonable terms if only we exhibited piety and good faith, made certain concessions and dissembled our hard knowledge of Moscow's slave system, its barbarism and its avowed determination to fasten the gyves on all mankind.

The President came to resemble the young prince of the fairy tales who, recovering from a spell laid upon him by mischievous soothsayers, dispersed them. Addressing the newspaper editors convention in Washington, he fleetingly resembled also "The Prince" of Machiavelli when he invoked national interest and the Monroe Doctrine, threatening unilateral action in the Caribbean if our Latin American neighbors refuse concert with us. (That resemblance was dissolved on May Day when Secretary of State Dean Rusk assured Senator Wayne B. Morse's Foreign Relations subcommittee that the government had "no plan" to intervene in Cuba.)

A White House visitor during the harrowing hours on the Cuban beach reported the President "rattled." There are cogent reasons for supposing that once he has regained his composure, granting that Khrushchev lays off hazing for a while, he will not disperse the soothsaying doctors of philosophy. Mr. Kennedy, haunted by the circumstance that all three of our twentieth-century wars were fought under Democratic Administrations, personally needs peace where Khrushchev does not. The Liberal punditry, after a few days of handwringing over the Administration's tentative Cuban excursion, rallied around the President, perhaps on the sound precept that reproaches too harsh might drive him into the arms of the "super-patriots." To the Liberal there is no such animal as the patriot who believes that sooner or later we must stand and show authentic fight. Such are always "super-patriots."

The President's personal tragedy is that, although he inherited the critical situations in the Caribbean and Southeast Asia, he worsened them. Surrounded by a brain trust of Ivy League intellectuals, no single member of which has shown understanding of the relentless nature of world Communism or any desire to vanquish it, Mr. Kennedy exposed a dangerous gullibility to the enemy. Far too solicitous of "world opinion," he has put all his African eggs in the UN basket; a UN negatively controlled by the Soviet imperium. He has relied on the wholly ineffectual and intimidated Organization of American States while snubbing European members of NATO in pursuit of a reverse racism in Africa.

At home, Mr. Kennedy, governing by what seemed impulse, shelved the Cabinet and the National Security Council until after the Cuban debacle, silenced the military, gave numerous signs of a desire to placate Khrushchev and put the quietus on congressional inclination to unmask subversive forces.

The President's court is composed of Liberals, or what the Communists term "progressive bourgeoisie," who are sick of a malady today enfeebling the English-speaking powers: a sickness which in its acute form prefers surrender to struggle. Politically, it expresses itself in the hope that bribing the enemy with concessions, the neutralists with dollars and pounds and endless negotiations will stave off the war, which in President Eisenhower's word, is "unthinkable."

If Mr. Kennedy breaks free of such illusions, not through disenchantment but a hard and valiant estimate, where, how and when can he make a stand? With Khrushchev holding the initiative, able to order sallies in the Formosan Straits, in Iran and Turkey as well as Berlin, the President is somewhat in the position of a man atop a gravel pile. Until he reaches a fortuitous foothold or the bottom, he is condemned to descend sprawlingly subject to a will not his own.

The decision to stand is no doubt the hardest and most fateful ever made by an American President. Yet make it he must or we may suffer the fate he has foretold—a collapse of the free world from within, leaving little or nothing to defend. It is Mr. Kennedy's lonely task to discover how we may survive against a terrible, shrewd, and utterly committed enemy.

FORREST DAVIS

• Abroad •

Moscow. Cuban developments bring a new significance to certain key sections of the November (1960) Manifesto of the 81 Communist parties, which have been overlooked by commentators. At the end of World War II the Communist theoreticians invented the formula, "People's Democracy." This was used to refer to the new type of colony into which Moscow transformed the nations of East Europe. The 1960 Manifesto introduced another new formula, applicable to "the new phase of the Revolution," and designed to the same semantic purpose: "independent national-democratic State" (or, "independent State of national democracy"—the English translation is not yet fixed). "In the present historical situation," declares the text of the Manifesto, "favorable conditions, international as well as internal, are created for the formation in a number of countries of independent national-democratic states. . . . The Communist parties struggle energetically to achieve the anti-imperialist, anti-feudal and pro-democratic revolution, in order to create such national-democratic States." Cuba is then cited as the archetypical example of such a State, with the United Arab Republic as a second but less fully developed instance. An FLN Algeria is expected to parallel Cuba. The three key features of "independent national democracy" are: 1) "positive neutralism"—*i.e.*, breaking of all Western alliances, and adoption of an eastern-oriented foreign policy; 2) shift of economic and commercial relations from West to East; 3) "democratic internal order"—*i.e.*, full participation of Communists in domestic affairs, the degree of democracy being measured by the extent of Communist control.

London. At last year's Scarborough conference of the Labor Party, the Communist-controlled delegation of the Amalgamated Holeborers' Union went down the line for unilateral disarmament. This year, a proposal came from the ranks for a membership referendum on the union's defense policy. A correspondent sends us the *Daily Telegraph's* account of the leaders' comments after turning down the proposal. "Mr. Fred Kidney and Mr. Len Gollip, Chairman and Secretary respectively and both members of the Communist Party, stated in unison yesterday: 'This is a great victory for democracy. The idea that union members should be asked to give their personal opinion on matters that concern them is irresponsible individualism run riot. In fact it borders on Fascism and feudal reaction.' Mr. Frank Nobes, another member of the committee, voted against the referendum proposal although he says he supports Mr. Gaitskell's defense policy. 'It is far better that this country should have no defense policy at all and, for that matter, no defense at all either, than that we should for one moment endanger the established principles of Trade Union procedure,' he stated."

Moscow. Contrary to almost universal public belief, there is very little quantitative difference at present between total effectives in the Soviet and U.S. active military establishments. Each now numbers about 2,500,000 men. The composition is significantly different. The U.S. total is divided almost equally among Army, Navy (plus Marines) and Air Force. The Soviet Union concentrates on Army (1,200,000, down from twice that two years ago), with 500,000 in the Navy and 700,000 in the Air Force. Soviet reserves are considerably higher, however, and the Communists have much larger paramilitary and trained civil defense forces.

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"If it takes 3½ hours for 25,000 protest marchers walking at 3 miles per hour to pass a given point, how long would it take 40,000 marchers walking at 3½ miles per hour?"

Geneva. The American public has heard a good deal about the nuclear disarmament movement in Europe. Attacks by European pacifist, leftists and beatniks on Polaris, SAC, massive deterrence concepts, and alleged American trigger-happiness have been much publicized. What few Americans understand is that the worry of responsible Europeans, including most of the governing elements, is just the opposite: that Washington is not trigger-happy enough. This worry has deepened lately, with President Kennedy's seeming withdrawal of the proposal for a nuclear deterrent under direct NATO control, his playing down of the nuclear role, and his failure to come through on Cuba. Several months ago, the responsible European attitude was summed up as follows by an influential European journal: "There are two fears that have to be taken into account. The first is that if the Americans are left in sole charge [of nuclear arms] in the European zone, the NATO allies will have no political say in the decision to 'escalate' to nuclear warfare. The second is that if western Europe has no nuclear capacity at all with which to stand up to the Russians, the situation could arise at some stage in which the United States might choose to contract out of a purely European dispute."

London. The hot dog has suddenly caught on in England. The brand new National Hot Dog Council has just held a big conference to proclaim 1961 National Hot Dog Year. A target of 125,000 tons has been set, under the slogan: "A meal in a million."

• The Investor •

"Airline Head Says Outlook is Dark." This recent headline in the *New York Times* seems to challenge the optimistic views I have voiced in this column for many months. The airline head quoted is C. R. Smith, President of American Airlines, one of the nation's major air carriers. In a 24-page report mailed to American's 62,000 shareholders, Smith warns that the airline history of 1946-49 when earnings stayed at 1%-of-investment-level, may well be repeated.

This dismal forecast may tempt some airline investors to rush for the exits. Before so doing, it might be worthwhile for them to survey the essential factors which will determine airline profits in the next five years.

A careful reading of Mr. Smith's alarmist report reveals that he has drawn an accurate picture of the whole postwar period and particularly of the past five years.

A great spirit of optimism in the industry and in the federal regulatory agency was responsible for a postwar multiplication of air services to every center of substantial traffic. Route awards were made by the Civil Aeronautics Board (CAB) to help "needy" smaller airlines. In many cases this not only failed to solve the problems of "needy" airlines, but severely curtailed the profits of other airlines serving these routes.

The CAB resisted fare increases, and made its rate decisions on a case by case basis. No determination had ever been made of what rates were necessary to maintain a healthy airline industry. In addition, many of the ever-changing cast of CAB commissioners were politicians who seemed to believe that businessmen were malefactors.

It is difficult to disagree with C. R. Smith's survey of the industry in the past. But why is he so certain that this unhappy history will continue?

In the *New York Times* story, Smith says the future for the airlines will be dark *unless* the CAB changes its philosophy of lavish route awards, and permits airline mergers in the interest of better and more economical service. The purpose of his diatribe might be to influence public opinion and the CAB. If it accomplishes such an objective, fine. But if it panicks investors into selling their airline shares, it will be unfortunate.

Possibly Mr. Smith had an added reason for fixing the blame on the CAB, in that the recent earnings record of American Airlines has not been the best in the industry. Some of this poor showing may be attributed to an unfortunate choice of new equipment (Electras and Convair 990s) and some to American's reported poor cost performance in introducing its turbo-jets.

I believe the foundation has been laid for a profound and probably lasting change in the airline industry. The improved earnings results have yet to come, but they will.

What was the fundamental impetus to change? I suppose it has been the poor earnings showing of the industry coming at a time when huge amounts of capital have been required—and more capital will be needed—for transition to the jet age. While the near bankruptcy of Capital Airlines points up the bankruptcy of the CAB's past regulatory policies, CAB mistakes became apparent some years back when the need for huge jet-financing first loomed as a serious problem. Banks and insurance companies have money to lend. But, they cannot justify loans on the thinnest of equity and scanty earnings.

The total capital requirements of the airlines prior to the jet age, were relatively small. In 1939, an airplane cost $100,000; today $5 million. So a new factor—"moneyability" one aviation consultant friend calls it—has become the key factor in operating the airline industry.

After years of investigation, the CAB in 1960 determined than an average of 10½% on all invested capital (including debt) is required to secure the money necessary to give the nation a civilian jet air-transport system. But in 1960 the industry was not even remotely approaching a 10½% return. For trunkline carriers the 1960 return was a pitiful 2.9%. But from here on managements can work toward a 10½% ceiling in the knowledge that earning increases short of this will not arbitrarily be confiscated. Since this is an industry earnings ceiling it may be assumed that competent operation will permit a return greater than 10½% to an exceptionally efficient airline.

What hope is there of making the allowed earnings? There are reasons to believe earnings for the better-run airlines will increase sharply in the next year or two.

The new jets, and especially the more economical Boeing 707s, 720s, and 727s (now planned for initial 1963 delivery) have brought radically cheaper seat-mile costs of operation. These reduced costs help create greater earnings. So far this earnings potential has not been realized by the investor. The cost of introducing jets was enormously larger than estimated. Not only pilot time, fuel consumption and airplane investment for training purposes, but new terminals, new maintenance procedures, training of mechanics and establishment of new spare parts depots, all have taken their toll in time and money. But from here on the historical average 10% per year passenger growth may be translated into earnings growth of not less than this rate, and possibly considerably more.

In the 1930s' electric light and power companies were belabored by the federal government as well as by state commissions. Expansion in electric demand was slowed by the depression, and later by the war. At the war's end, pent-up demand for electricity pushed companies to the limit to add generating capacity.

This necessitated money in huge quantities. "Moneyability" became the key industry factor. Regulatory bodies bowed to necessity and permitted rates necessary to raise capital for plant expansion. Electric utility stocks which had enjoyed poor investor acceptance became the top quality institutional investments, which they are today.

Without attempting to draw too close a parallel, the history of electric light stocks may offer a clue to what may be in store for investors in the better-managed airline companies.

NORVIN R. GREENE